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We spent 3 hours with Mr. Sanders today discussing how NIH commercializes technology. Actually, he was very pleasant (he even said he was trying to be nice) and I was impressed at his quick grasp of issues. I do not think we swayed him - or that we ever will - but we did make him think.

The meeting started out with Mr. Sanders asking how we licensed our technology (he wondered if we did it on the golf course with the Pharma companies). I went back to Stevenson-Wydler, Bayh-Dole, FTTA, etc.

#### Key points:

- \* He considers it immoral that companies make so much money from technologies developed with government funds.
- \* A large number of his constituents cannot afford the price of drugs developed with Government funds.
- \* He believes in negotiation and wants us to negotiate price structure up-front.
- \* He is unconvinced that we understand the weight of the Federal Government and believes that we are not as aggressive in negotiations as we could or should be.
- \* He argues that my role is not only to bring the drug to the market, but to ensure that we do so at the lowest price possible.

#### Response:

- \* We explained our program and our rationale based on non-exclusive licenses.
- \* I told him we had to be able to find partners or the technology would not move: his constituents would simply have no drugs if we were unable to move technology forward.
- \* He said our \$40 million in royalties was pathetic given the money companies were making. I told him that, \$40 million was very small, but that in the context of things, we were among the best. I noted that we did not negotiate in dollars alone and pointed out that we could get more money, but

that he had to realize that companies would simply add to the cost. They always fall in this trap, and he knew he had.

\* I told him we certainly approved of the goal of drugs at lower costs but that his bill, in my view, would not achieve that. He was truly amazed to find out that for hot technologies we had, at best 2 - 4 companies applying for a license. He thought we had hundreds lined up.

Observations:

\* The issue of pricing will not go away. Mr. Sanders has told me he expects to have hearings (and I suppose we will get a gold-rimmed invitation). He also said he will call me back to talk to a larger group of his colleagues (?).

\* Mr. Sanders would like to give us more ammunition (via statutory obligation) to negotiate prices.

\* He toyed with the notion of creating a government entity that would develop and market technologies that others would not take or would charge too much - watch this one come back.

\* I got in research tools on the side.

\* He really hates Pharma.

Here we go again, Maria